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IMPLEMENTATION OF THE BUSINESS PLAN IN AFRICA

Report by the Director-General

In compliance with decision IDB.20/Dec.10, reports on the implementation of the Business Plan in African countries.

1. In its decision IDB.20/Dec.10, the Industrial Development Board focused on a number of issues within the context of the new UNIDO service modules and their application in Africa. The present document provides information on developments in that respect. The text should be considered in conjunction with the report on the Industrial Development Decade for Africa (IDDA) submitted to the Board at its twentieth session (IDB.20/12), which addressed specifically the concerns of the General Conference raised in resolution GC.7/Res.5. In this connection, efforts have been made to align the priorities and focus of the programme for IDDA with the Business Plan and the new UNIDO service modules.

I. DEVELOPMENT OF INTEGRATED PROGRAMMES

2. With the completion of the programmatic transformation in September 1998, the Secretariat launched the first effort to translate the new service modules into concrete programmes at the country level. The new approach required that programmes be demand driven and consist of integrated services tailored to solve specific problems identified by clients in both the public and private sectors. The scope of programmes covered priorities and needs identified under the plan of action of the Alliance for Africa's Industrialization (AAI) and the United Nations Development Assistance Framework (UNDAF).

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3. In developing the integrated programmes a number of guiding principles have been followed in order to ensure consistency with the Business Plan and coherence between the integrated programmes and development priorities of the beneficiary countries. These principles include:

(a) Programmes must be demand-driven;

(b) Local ownership and sustainability must be ensured;

(c) Innovative combinations of service modules provide integrated solutions.

4. In the first phase of programme formulation which commenced in September 1998, IDDA supplementary funds were utilized to finance programming missions in eight countries (including seven LDCs), namely Burkina Faso, Guinea, Kenya, Morocco, Rwanda, Sudan, Uganda and the United Republic of Tanzania. A mission was also undertaken to Algeria financed by funds from the Regular Programme of Technical Cooperation. This phase resulted in a portfolio of programmes valued at about $51.3 million for these countries (annex, table 1). The second phase of programme formulation commenced in the first half of 1999 covering six countries (Côte d'Ivoire, Ethiopia, Ghana, Mozambique, Senegal and Tunisia). A third phase of programme formulation is anticipated to commence in July of 1999 in another 11 countries (Burundi, Cameroon, Egypt, Eritrea, Lesotho, Madagascar, Mali, Namibia, Nigeria, Togo and Zimbabwe) (annex, table 2).

5. Consistent with the Business Plan the finalized programmes have focused on promoting sustainable private sector-led industrial development through a combination of:

(a) **Upstream activities to enhance capacity-building both within government and private sector institutions for industrial policy formulation, implementation and monitoring.** The goal is to complement macro-economic stabilization and adjustment programmes with micro-level efforts to reduce market failures and eliminate supply-side rigidities;

(b) **Institution building through knowledge-transfer and enhancement of general managerial and entrepreneurial skills.** The goal is to improve the functioning of technical institutions, industrial service providers, industrial associations and enterprise managers;

(c) **The development of technological capabilities at the enterprise level in order to enhance the competitiveness of industrial sectors, industrial expansion and job creation.** In this connection, UNIDO has combined its unique technical and sectoral expertise with technical cooperation provided by other multilateral and bilateral agencies to enhance technological upgrading of industry and facilitate the adoption of production processes consistent with new global standards for quality, cleaner production and energy efficiency in small and medium enterprises (SMEs).

II. FUNDS MOBILIZATION

6. By the end of 1999 it is anticipated that integrated programmes would have been completed in 27 countries in the whole of Africa (over half the countries in the continent). These include 15 LDCs, accounting for 56 per cent of the total number of African countries covered by the formulation of integrated programmes. This would yield a large portfolio of integrated programmes for which funds would have to be mobilized. Effective funds mobilization will require collective effort by donors, beneficiary countries and UNIDO. An active funds mobilization process has been launched at the country level and in the capitals of major donors. The Secretariat hopes that the Permanent Missions accredited to UNIDO will take a pro-active stance in support of this effort.

7. To date, in addition to financing programme development costs, UNIDO has utilized $5.17 million of its programmable resources (from IDDA and the Danish contribution to the Industrial Development Fund) to initiate the implementation of the integrated programmes in sub-Saharan Africa. Under the leadership of beneficiary countries, active funds mobilization measures will continue during 1999 and 2000 focusing on the following elements:

- Country-level funds mobilization by beneficiary countries through resource mobilization meetings for local representatives of donor countries and institutions;
- Programmes tailored to address priorities agreed upon by donors and beneficiary countries under existing bilateral cooperation frameworks;
- Inter-agency formulation of programmes with appropriate co-financing arrangements under UNDAF and the United Nations Special Initiative for Africa (UNSIA);

- A conference on industrial partnerships to be organized by UNIDO, OAU, ECA and ADB in September/October 1999. As part of this conference, ADB and UNIDO will sponsor a study on establishing new funding mechanisms for SME development;

- Promotional visits to donor countries;

- Establishment of investment partnerships with private sector foundations in donor countries and private sector involvement in programme design and implementation where possible.

III. GLOBAL FORUM ROLE

8. The Secretariat will strengthen its global forum activities in Africa in cooperation with the Conference of African Ministers of Industry (CAMI), OAU, ECA, the AAI Steering Committee and Patrons Group and other regional organizations. In this connection, the Organization will play a greater role in furthering an understanding of the industrial development problems in Africa and their complex linkages with social development and environmental sustainability. Also, in the light of the recent financial and economic crises in some Asian, Eastern European and Latin American economies, there is a clear need for revisiting key assumptions about economic development that have dominated policy debates in the last two decades, including the reinstatement of industry on the international development agenda. UNIDO will establish partnerships with selected research institutes and eminent scholars to regularly analyse and provide information on these emerging issues.

9. The Secretariat will endeavor to identify state-of-the-art advances in industrialization and stimulate debate in that regard. In LDCs and African countries in particular there is a serious concern about market access as trade preferences erode, and the impact of globalization on de-industrialization, unemployment and deepening poverty. There is also the need to enhance understanding of the supply-side rigidities and market failures that constrain industrial expansion and the adjustment of firms to new production standards. These issues will be addressed in the regional forum and conference on industrial partnership organized as parallel events to the fourteenth session of CAMI scheduled to take place at Dakar, Senegal in October 1999. The results of the CAMI session will be the subject of a separate report to the General Conference.

IV. STRENGTHENING THE FIELD

10. Progress has been made in the further strengthening of the field offices both in terms of allocation of additional financial and human resources. The period of 1999 will result in the establishment of regional offices and this will be carried forward also in the years 2000 and 2001. Actions taken and planned by the Secretariat have been reported in document IDB.21/19.

V. ACTION REQUIRED OF THE BOARD

11. The Board may wish to take note of the information provided in the present document.

Annex

INTEGRATED PROGRAMMES - COUNTRY COVERAGE IN AFRICA

Table 1. Integrated programmes formulated

			Value (US$)
1	Algeria		11,442,000
2	Burkina Faso	LDC	4,086,210
3	Guinea	LDC	4,795,500
4	Kenya		1,500,000
5	Morocco		8,929,000
6	Rwanda	LDC	5,314,000
7	Sudan	LDC	7,089,330
8	Uganda	LDC	3,902,500
9	United Republic of Tanzania	LDC	3,824,000
TOTAL			**50,882,540**

Table 2. Integrated programming missions

April - June 1999	Côte d'Ivoire	
	Ethiopia	LDC
	Ghana	
	Mozambique	LDC
	Senegal	
	Tunisia	
July - September 1999	Burundi	LDC
	Cameroon	
	Egypt	
	Eritrea	LDC
	Lesotho	LDC
	Madagascar	LDC
	Mali	LDC
	Namibia	
	Nigeria	
	Togo	LDC
	Zimbabwe	